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C O N F I D E N T I A L SECTION 01 OF 04 RABAT 000029

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SUBJECT: REP. LANTOS DISCUSSES REGIONAL ISSUES, FREE TRADE,
MCA WITH PM JETTOUT

Classified By: Classified by Ambassador Thomas T. Riley for reasons 1.4
b and d.

1. (C) Summary: PM Jettout January 3 told visiting Rep. Tom Lantos that Morocco appreciates U.S. efforts in the Middle East and Iraq, where positive results are beginning to take shape, and that Morocco would continue to do its part in the war on terror. Jettout was also encouraged by the approach of the Libyan Prime Minister, whom he described as wise and moderate. Jettout said Morocco was pleased to be the first country in Africa to conclude a Free Trade Agreement with the U.S., and looked forward to working closely with the U.S. on the Millennium Challenge Account compact, which he hoped to conclude by April. Rep. Lantos encouraged Morocco to re-open the Israeli liaison office in Rabat; the time is right and both the Israelis and Palestinians would find such a move helpful. He expressed disappointment that efforts to resolve the Western Sahara conflict have failed. He said he would discuss this matter with Secretary Rice, and that it may be time to resuscitate U.S. involvement in resolving the conflict. End summary.

2. (C) Representative Tom Lantos, accompanied by Ambassador Riley, House International Relations Committee (HIRC) Democratic Staff Director Robert King, HIRC Senior Professional Staff Member Alan Makovsky, HIRC Professional Staff Member Mike Beard and DCM met with Prime Minister Jettout January 3. Representative Lantos, Ambassador, King and Makovsky later joined Jettout, Foreign Minister Benaissa, Minister-Delegate for Foreign Affairs Taieb Fassi-Fihri, and Moroccan Ambassador to the United States Aziz Mekouar for lunch at Jettout's residence in Rabat.

3. (C) Jettout opened the meeting by noting that Morocco was proud to be the first country in the African region to have concluded a Free Trade Agreement with the U.S., and said he was also happy to be working with the U.S. on a Millennium Challenge Account compact. He noted that he had met with the latest Millennium Challenge Corporation delegation only two weeks earlier. Rep. Lantos replied that Morocco would do well with the MCA because Morocco would undoubtedly do what is necessary to continue to meet the reform criteria that are central to MCA eligibility.

Israel

14. (C) Jettou expressed appreciation for Rep. Lantos, contributions to international peace and his efforts against poverty and inequality. He said that Morocco is a true ally of the U.S., and pointed out that the two countries had never faced one another as adversaries. Morocco was equally proud now, Jettou said, to answer to its responsibilities in the war on terrorism. He said that the Moroccan government is closely monitoring issues facing developing Muslim countries, and is paying close attention to U.S. efforts to establish peace between Israel and the Palestinians. He said that Morocco supports the efforts of Palestinian President Abbas, and that what Abbas has achieved so far is a result of U.S. encouragement. He believed that events related to Israel and the Palestinians were moving in the right direction, and noted the importance of all countries in the region continuing to provide support for the process.

15. (C) Morocco has played a unique role with regard to Israel, Rep. Lantos said, and the time is now ripe to re-establish an Israeli liaison office in Rabat. Both the Palestinians and Israelis would find this helpful. Rep. Lantos pointed out that he had visited the Israeli office in Rabat on previous trips to Morocco, and would like to do so again on his next trip. In terms of the issues on which Morocco is interested in working with the U.S., including the Western Sahara, it would be very helpful to have this office established, Rep. Lantos said. He added that our security and intelligence cooperation, among the many other types of cooperation between the U.S. and Morocco, indicate a very positive future for the relationship.

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16. (C) During a relaxed and very direct lunch conversation, FM Benaissa criticized Israel for not allowing residents of east Jerusalem to participate in Palestinian elections since no polling stations were provided. He said this was "unfortunate," and he and PM Jettou agreed that the Israelis should encourage rather than obstruct Palestinian participation. Lantos staff agreed that Palestinian participation was important, and this principle had been followed in the two previous elections. But with Hamas, a terrorist organization, now being an election participant, this was no longer logical.

17. (C) Benaissa also observed that Morocco was doing what it could to support the relationship with Israel. The Moroccans had hosted a visit by Israeli FM Shalom in 2004, for example. Morocco was willing to go farther than most Arabs, Benaissa said, although Morocco had the impression that Oman and Yemen also appeared receptive to expanding ties with Israel, provided "conditions were right."

Iraq

18. (C) Positive results are also starting to take shape in Iraq, Jettou said. He believed that the Iraqi elections represented an important step toward establishing democracy and restoring peace. He recognized that the task in Iraq is not easy, and expressed appreciation for U.S. efforts. He said that Morocco was directly involved by virtue of the two Moroccan government employees being held hostage in Iraq, but that Morocco would never give in to blackmail.

19. (C) Rep. Lantos expressed his strong support for Ambassador Riley's efforts, and said that the President's decision to send Ambassador Riley to Rabat was a sign of respect for Morocco. Rep. Lantos noted that he had visited Morocco several times previously during the reign of Hassan II, and had had an extended conversation with King Mohammed VI as crown prince on one occasion in Washington. He

appreciated Jettou,s private sector experience, and said that he had high hopes for the new Free Trade relationship between the U.S. and Morocco. The gradual phase-in of some provisions, he believed, would provide for minimum disruption, and the U.S. would help Morocco with necessary adjustments.

Study in the US

¶10. (C) Rep. Lantos emphasized that the U.S. is hoping for an increase in Moroccan students in the U.S. He expressed his belief in the importance of building back a major Moroccan presence in the U.S. that had dropped off after September 11, and offered his assistance in helping to bring it about. He also expressed support for the efforts of the National Democratic Institute in Morocco, and hoped that a significant exhibit could be established in Washington DC to commemorate the fiftieth anniversary of Moroccan independence. Rep. Lantos underlined that with the Millennium Challenge Account compact, he expected a quantum jump in assistance the U.S. is able to provide to Morocco, and expressed his hope that the MCA Compact would correspond well to King Mohammed VI,s Human Development Initiative.

¶11. (C) Jettou replied that Morocco would continue to do everything possible to see that democracy prevails in the region. He noted that the Moroccan government always ensures that Israeli delegations are able to participate in international meetings held in Morocco. He cited the Euro-Mediterranean dialogue meeting and a recent meeting of transportation ministers held in Marrakech as examples of recent events that had included senior Israeli participation.

¶12. (C) The issue of students is also an important one to which the Moroccan government is sensitive, Jettou said, since students are the ones who will develop relations between our countries in the future and defend the principles we are fighting for together today. He

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acknowledged the need to move quickly to return to a greater number of Moroccan students in the U.S., and noted that there are several good American schools in Morocco whose students are admitted to major U.S. universities, and that there is a U.S. style university in Morocco at Ifrane. He appreciated any efforts Rep. Lantos or the U.S. might undertake to expand the number of Moroccans studying in the U.S. With regard to the MCA compact, Jettou said that the Moroccan government had presented "a good dossier," and that he hoped to be able to finalize the compact by late March or early April. He said he would count on Rep. Lantos and the Embassy to help the process move forward.

Western Sahara

¶13. (C) Jettou said that Western Sahara remains an important issue for Morocco, and Morocco is concerned about what is happening in the sub-Saharan region. He said that the GOM is watching events in Mauritania closely, and hopes that greater stability will emerge. Disease, weapons proliferation and religious extremism are all such that the region may be a source of instability in the future. (Comment: Jettou was most likely referring specifically to the Pan-Sahel region.) He urged continued vigilance. He underlined that it was out of the question for Morocco to accept any solution to the conflict over the Western Sahara other than integration with Morocco, although the GOM is ready to discuss broad autonomy for the people of the region. He pointed out that Morocco has invested heavily in the territory, in areas such as health care, roads and education, to ensure that development in the Western Sahara

is as advanced as that in other parts of Morocco. He requested Rep. Lantos, help for a rapid solution to the conflict which "freezes" development in the region.

¶14. (C) Rep. Lantos said that when he had last spoken with President Bouteflika, Bouteflika had indicated his willingness to help. Rep. Lantos said he would raise this matter with Secretary Rice. He expressed his disappointment that former Secretary Baker,s extensive efforts as the UN Secretary General,s personal envoy had failed. He observed that it may be time to resuscitate U.S. involvement in finding a resolution to the conflict. He expressed his conviction that autonomy offers the only realistic solution. He said that he intended to return to Algeria to see President Bouteflika and would see if he could make any headway.

¶15. (C) The Moroccans were predictably downbeat over lunch about prospects for better relations with Bouteflika. They stressed that while he was trying to shed some of his socialist legacy, Bouteflika still enjoyed credibility among the "old leftists." This was one reason, for example, why Qadhafi went to Algiers to accept an honorary degree. The Moroccans assessed that with high oil prices, Bouteflika was convinced he was under no pressure to compromise with Morocco on the Western Sahara. PM Jettou sounded the one optimistic note, recounting that Bouteflika had chided Venezuelan President Chavez for his strident anti-Americanism during the Arab-Latin American summit meeting last year in South America. "That was the good Bouteflika," quipped Fassi Fihri.

Libya

¶16. (C) In response to Jettou,s question regarding Libya, Rep. Lantos said that his upcoming visit to Tripoli would be his sixth visit in two years, and followed on a discussion two weeks earlier with Saif Qadhafi, who has the potential to be a positive force. Jettou replied that he had visited Libya twice in the past year, and had noticed major changes in Libyan positions. Last month he had received Libyan Prime Minister Shalgam, who had lived in Austria and the U.S. and, Jettou believed, is open-minded. Jettou continued that the PM, whom he described as "wise and moderate...no complexes," was behind many of the reforms in Libya. "We appreciate him extensively," Jettou concluded. Lantos agreed with

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Jettou,s assessment, noting that the Libyan PM had studied at Tufts University, where his chief of staff had also studied.

Syria

¶17. (C) Over lunch the two sides exchanged views on what had motivated former Syrian VP Khaddam to denounce the Assad regime in Syria. While the conversation was mostly speculative, the Moroccans generally agreed that Khaddam was not making a play for leadership in Syria but rather was seeking to rehabilitate himself internationally. In a later meeting with Rep. Lantos (septel), Benaissa termed Khaddam,s actions a "bomb" for the region, the repercussions of which were not yet fully understood.

Economic Issues

¶18. (C) Turning to economic matters, Jettou expressed appreciation for Ambassador Riley,s efforts to help expand investment in Morocco. Implementation of the reforms necessary for the FTA had not been easy for Morocco, but he was happy to have been able to fulfill his FTA commitments to the U.S. Jettou then described Morocco,s

four major economic objectives: to liberalize the economy and increase Morocco,s attractiveness to international investors; to modernize industry to make Morocco competitive; to overcome "social deficits" including poverty, unemployment and lack of access to essential services for people in rural areas; and, to reduce public spending and make public enterprises more suitable for privatization.

¶19. (C) Comment: The conversation was warm, cordial and substantive. PM Jettou clearly recognized the importance of engagement with Congress, and the HIRC on which Rep. Lantos serves as ranking member, as critical to Morocco,s overall relationship with the U.S. The GOM would undoubtedly welcome increased congressional interest in a resolution to the Western Sahara conflict on terms favorable to Morocco, given the Polisario,s success in attracting support from Members of Congress. The GOM also will seek congressional support for rapid conclusion of a Millennium Challenge Account compact. Jettou clearly took on board Rep. Lantos, emphasis on the value of establishing an Israeli office in Rabat, which is a subject we will continue to raise with the GOM. End Comment.

¶20. (C) This cable was cleared with Rep. Lantos, party.

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Riley